

**EXHIBIT A**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

New York City Opera, Inc.,

Debtor.

Chapter 11

Case No. 13-13240 (SHL)

**DECLARATION OF MICHAEL CAPASSO IN SUPPORT OF THE FIRST  
AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF NYCO  
RENAISSANCE LTD. AND OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS FOR NEW YORK CITY OPERA, INC.**

**Michael Capasso**, pursuant to 28 U.S.C. § 1746, declares as follows:

1. I submit this declaration in support of the First Amended Joint Chapter 11 Plan of Reorganization of NYCO Renaissance Ltd. and Official Committee of Unsecured Creditors for New York City Opera, Inc. dated December 2, 2015 (the “**Plan**”)<sup>1</sup>, and in response to certain issues raised in the New York Attorney General’s Response to the Joint Plan for Reorganization Submitted By NYCO Renaissance And The Official Committee Of Unsecured Creditors [Docket No. 331] (the “**AG’s Response**”).

2. I am currently the General Director of NYCO Renaissance, Ltd. (“**NYCO Renaissance**”). I have produced, directed and toured opera and musical theater productions in the United States and abroad for over 30 years.

3. I, along with Roy Niederhoffer, created NYCO Renaissance in March 2014 as a not for profit company dedicated to the restoration of The New York City Opera (“**NYCO**”). Since its inception, NYCO Renaissance has, among other things, produced fully staged and

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan [Docket No. 315], the Summary thereof, or the First Amended Disclosure Statement for the First Amended Joint Chapter 11 Plan of Reorganization of NYCO Renaissance, Ltd. and Official Committee of Unsecured Creditors for New York City Opera, Inc. [Docket No. 314] (the “**Disclosure Statement**”).

narrated performances in the United States, Canada and in Europe, hosted dozens of cultivation events and conducted educational outreach programs through an agreement with IACE (Italian American Committee on Education). Importantly, in March 2015, NYCO Renaissance staged a tremendously successful Gala Concert celebrating the life and career of NYCO's long-time General Director, Maestro Julius Rudel, which featured many notable alumni including Placido Domingo, Frederica von Stade and Christine Goerke.

4. NYCO Renaissance is currently in the process of preparing for the production of Giacomo Puccini's *Tosca*, with performances scheduled to take place January 20-24, 2016 at the Fredrick P. Rose Hall at Jazz at Lincoln Center (the "**Rose Theatre**"), a cost-effective venue that is perfectly suited to opera in its moderate size, up-to-date technology and superb acoustics.

5. I have been intimately involved in the day to day running of NYCO Renaissance, including the creation, design and presentation of all of NYCO Renaissance's operatic productions. I also played a major role in formulating the NYCO Renaissance business plan that will be adopted by the Reorganized Debtor should the Plan be confirmed by the Court. As such, I am fully familiar with all aspects of the Reorganized Debtor's proposed business, operations and financial affairs as set forth in the Plan.

#### **Reply To Certain Issues Raised In The AG's Response<sup>2</sup>**

6. In the AG's Response, the AG questions the "long-term" viability of the Reorganized Debtor by focusing upon certain of the assumptions contained in the Reorganized Debtor's Projections, including the Reorganized Debtor's receipt of the Pending Bequests (*See* AG's Response, paras. 32-41), revenue derived from the Thrift Shop (*See* AG's Response, para.

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<sup>2</sup> Simultaneously herewith, Roy Niederhoffer is submitting a declaration addressing certain issues raised in the AG's Response not otherwise covered herein.

31) and the estimated income and expenses associated with the performances described in the Plan (*See* AG's Response, paras. 43-47). I will address these concerns below.

7. First, at the time that the Reorganized Debtor's Projections were prepared, the Plan Sponsors did not have confirmation that any of the Pending Bequests would in fact be received by the Reorganized Debtor or, if received, how much and by when. As such, the Reorganized Debtor's Projections contained two scenarios: a five (5) year projection without any Endowment income or receipt of any of the Pending Bequests; and a five (5) year projection with Endowment income and the receipt of Pending Bequests in Year 2 totaling \$8,112,500. The facts have now changed.

8. I was recently advised that counsel for the Estate of Pierre DeMenasce has agreed to turn over to the Reorganized Debtor the sum of \$5,855,000 as an *initial* distribution under the Will within fifteen (15) days of entry of an order of this Court approving the Plan.<sup>3</sup> Based upon this development, and to address other issues raised in the AG's Response regarding the Reorganized Debtor's receipt of the other Pending Bequests and estimated income and expenses described in the Plan, I have directed the preparation of the attached revised projections for consideration in connection with the Plan (the "**Revised Projections**"). A copy of the Revised Projections is attached hereto at **Exhibit 1**.

9. The Revised Projections now contain the following three (3) scenarios relating to the Pending Bequests: Scenario 1, which includes the Reorganized Debtor's receipt of *only* the initial distribution of \$5,855,000 from the Estate of Pierre DeMenasce in Year 1; Scenario 2, which includes the Reorganized Debtor's receipt of additional Pending Bequests such that the

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<sup>3</sup> Since the DeMenasce Will provides for a specific bequest in the amount of \$250,000, plus ten percent (10%) of the residual of an Estate having an approximate value of \$70,000,000, it is likely that additional distributions will be received by the Reorganized Debtor.

Pending Bequests total \$7,136,000 by Year 3 (*i.e.*, all Pending Bequests other than the Bequests associated with the Marcus Estate); and Scenario 3, which includes the Reorganized Debtor's receipt of an additional Bequest from the DeMenasce Estate in Year 2 and the receipt of the Bequest from the Marcus Estate in Year 3, such that the Pending Bequests total \$8,031,000 by Year 3.

10. These three (3) scenarios assume that the Reorganized Debtor will receive anywhere from a low range of \$5,855,000 to a high range of \$8,031,000. While the high range is not guaranteed, based upon all of the information made available to me, it is most reasonable to assume that the Reorganized Debtor will receive an amount greater than the initial DeMenasce distribution of \$5,855,000. Importantly, the Revised Projections show that, regardless of the range of Pending Bequests utilized in the projections, the Reorganized Debtor has a healthy level of net liquid assets throughout the five (5) year period **without** any material reduction of the principal of the Pending Bequests and **without** using any of the principal of the Endowment.

11. Second, I have reviewed the AG's Response regarding the estimated income from the Thrift Shop. Initially, the AG's Response incorrectly uses the term "earnings" when it states that "the Reorganized Debtor will *earn* \$600,000 from the Thrift Shop... ." (*See* AG's Response at para. 31 – emphasis added). Instead, the Revised Projections estimate annualized revenues, not earnings. This is an important distinction since the fixed costs do not change based upon the level of revenues and, therefore, net income is not reduced on a dollar to dollar basis. Further, the AG's Response does not fairly account for the anticipated revenue from the Thrift Shop because it relies up revenue generated *during* the bankruptcy period (*See* AG's Response, para. 31), not prior. Based upon discussions I have had with management of the Thrift Shop and Andrea Nellis of the Debtor, I am aware that during the bankruptcy period the Thrift Shop has

suffered significantly due to the publicity surrounding the bankruptcy filings, including reduced donations and sales. Many of those who were regular donors were confused as to whether there was any benefit from donating at all. Additionally, there has been very limited marketing, no special events (*i.e.*, “Shop with Divas”) or other email promotions. As such, the figures highlighted by the AG are not the baseline upon which to rely for future projected revenue.

12. On the contrary, I have reviewed revenue and expense data for the Thrift Shop provided to me for a period of time prior to the Petition Date (including FYE 2013) and, based upon those figures, have estimated that the more normal level of revenue generated from operations during a full fiscal year is approximately \$1,200,000. Additionally, that information, including the fixed costs, leads to the conclusion that the Thrift Shop generates a profit of approximately twenty percent (20%) after the payment of all related expenses, regardless of the level of revenue generated.

13. Based upon my analysis of the Thrift Shop data, I continue to believe that, once NYCO emerges from bankruptcy and the Thrift Shop resumes normal business operations, it is reasonable to project that donations and sales will increase such that revenue will be approximately \$1,200,000 for a full fiscal year, and that the profit generated will be approximately \$200,000. As such, the Revised Projections incorporate these assumptions.

14. Turning to the AG’s Response relating to the expense assumptions contained in the Debtor’s Projections, I would make the following points.

15. As a starting point, the NYCO Renaissance business plan, which is adopted into the Plan for the proposed business of the Reorganized Debtor, was designed as scalable depending upon financial wherewithal. Roy Niederhoffer, as Chairman of the New Board, as well as all of the other New Board members, will not permit the expansion of operations until

and unless the Reorganized Debtor has reached financial milestones and secured necessary funding. Simply put, the Reorganized Debtor will not commit to producing any performances that it cannot comfortably afford. That is the guiding principle of the Reorganized Debtor's business plan. To abide by this principle, we have built an organization that is streamlined, efficient and easily scalable.

16. Specifically, the Reorganized Debtor will adopt a smaller approach to staffing than NYCO. When possible, it will engage outside contractors and consultants on an as-needed basis. In this regard, the Revised Projections attached hereto provide for only five (5) full-time employees during Year 1, for total compensation during that period of \$211,500. The balance of the services are to be provided by outside consultants and contractors and are included under "Contract Labor" and "Legal and Professional Fees," as contained in the Revised Projections. It is anticipated that, by Year 2, six (6) additional full-time employees will be employed, including a Chief of Music and Bookkeeper. But, again, those additional hires will only be made if the Reorganized Debtor can afford to do so. Most importantly, the assumptions contained in the Revised Projections are based upon *actual* amounts currently paid by NYCO Renaissance to these same full-time employees.

17. With regard to the assumptions made for the costs of productions, the break-out is detailed in the Revised Projections attached hereto. Contrary to the statement in the AG's Response that "NYCO Renaissance has provided nothing to support its projected expenses..." (See AG's Response at para. 46), NYCO Renaissance has already staged dozens of performances, including the March 2015 Gala, and therefore can firmly support the assumptions with *actual* figures from those events. Indeed, the AG's Response's premise that the Reorganized Debtor is "starting from scratch after more than two years of not mounting any

performances...” is not entirely accurate. (*See* AG’s Response, para. 30). The business plan contained in the Plan and to be adopted by the Reorganized Debtor is simply the continuation of the business (albeit expanded) currently being conducted by NYCO Renaissance.

18. The Revised Projections contain a detail breakdown of all of the material productions costs associated with Large Scale Productions, Small Scale Productions, VOX and Opera for Kids educational performances, including the specific costs associated with the Orchestra, Performers, Scenery and Costume and Production Fees on a per Unit basis (*i.e.*, six performances per production). Again, the assumptions contained in the Revised Projections are based upon *actual* amounts currently expended by NYCO Renaissance in connection with Large Scale, Small Scale and educational productions staged to date, including the *actual* rates paid to musicians set forth in the Memorandum of Agreement entered into between NYCO Renaissance and the Local 802, American Federation of Musicians and Employers, and the *actual* rates paid to directors, choreographers, stage managers and others.<sup>4</sup>

19. Indeed, NYCO Renaissance is currently finalizing its production of *Tosca*, scheduled to run from January 20-24 at the Rose Theatre and the costs associated with said production will be either at or slightly lower than the costs contained in the Revised Projections for future Large Scale Productions. In this regard, given the timing and process surrounding the confirmation of the Plan, NYCO Renaissance could not wait and instead moved ahead and absorbed all of the costs associated with the production of *Tosca*, which resulted in the reduction of the Year 1 Large Scale Productions from \$1,804,088 to \$902,044 (*i.e.*, Year 1 now contains only one (1) Large Scale Production). Significantly, however, the expected net income from the

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<sup>4</sup> A copy of the Memorandum of Agreement will be provided to the AG and the Court, but is not attached hereto for purposes of confidentiality.



production of *Tosca* of approximately \$347,500 will be contributed to the Reorganized Debtor as part of the liquidation of NYCO Renaissance as contemplated under the Plan.

20. During the course of producing *Tosca*, and in preparation for operations post-confirmation, NYCO Renaissance has had, or is in discussions or negotiations with, other unions, including the American Guild of Musical Artists (AGMA) and the United Scenic Artists, Local USA 829 for new collective bargaining agreements. I am confident, based on my prior experience and my recent dealings with the various unions, that the Reorganized Debtor will similarly be able to obtain favorable arrangements with unions in addition to Local 802, which arrangements will enable the Reorganized Debtor to stay within the projected expenses specified in the Revised Projections.<sup>5</sup>

21. Similarly, the assumptions contained in the Revised Projections for the fixed costs associated with the Rose Theatre, the venue that will be used by the Reorganized Debtor for future performances, are based upon the *actual* costs contained in the contract between NYCO Renaissance and the Rose Theatre. That contract will likewise be contributed to the Reorganized Debtor as contemplated under the Plan.

22. Lastly, the Revised Projections contain fair and reasonable estimates for advertising and other promotional activities associated with the proposed business post-confirmation. (See AG's Response, paras 56-58). In this regard, missing from the AG's calculation of the total proposed costs associated with these activities in its chart set forth in paragraph 58 are certain amounts included in Revised Projections for "Contract Labor." For example, included in Contract Labor are the fees to be paid to Situation Interactive, a digital

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<sup>5</sup> AGMA has provided NYCO Renaissance with a Term Sheet containing the principle terms of a proposed new collective bargaining agreement for the Reorganized Debtor upon confirmation of the Plan. We are currently reviewing that Term Sheet and anticipate having discussions with AGMA in the near future in an effort to reach an agreement.

media company that the Reorganized Debtor will use as part of its proposed digital media campaign. These fees total approximately \$13,500 per month. Accordingly, I am very comfortable that the Revised Projections provide for a sufficient amount of costs associated with the type of advertising that we envision and as further described in the Plan.

23. As the proposed General Director of the Reorganized Debtor, I am committed to working with the New Board to maintain operations at a level that are well within the company's means so as to ensure long-term success, and I believe that the Revised Projections afford the company the flexibility to grow only when it can comfortably do so.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: January 8, 2016  
New York, New York

  
Michael Capasso

**EXHIBIT 1**

**Reorganized Debtor's Revised Projections  
Year End Summary**

<b>5-Year Projection With Scenario 1</b>					
	<b>Year One (Stub Period)</b>	<b>Year Two</b>	<b>Year Three</b>	<b>Year Four</b>	<b>Year Five</b>
	Jan 2016 - June 2016	July 2016 - June 2017	July 2017 - June 2018	July 2018 - June 2019	July 2019 - June 2020
<b>Public support and other income</b>					
Contributions	\$ 2,175,000	\$ 2,850,000	\$ 3,277,500	\$ 4,086,500 **	\$ 4,447,025
Grants	250,000	249,996	287,495	316,245	347,869
Thrift Shop	600,000	1,200,000	1,200,000	1,200,000	1,200,000
In-kind Donations	36,198	74,568	85,753	94,329	103,761
Endowment Interest Income	91,470	182,939	182,939	182,939	182,939
Bequest Income	5,855,000	-	-	-	-
Bequest Interest Income	117,100	234,200	234,200	214,950	195,700
<b>Total public support and other income</b>	<b>9,124,768</b>	<b>4,791,703</b>	<b>5,267,888</b>	<b>6,094,963</b>	<b>6,477,295</b>
<b>Net Income from Tosca Production</b>	<b>347,500</b>				
<b>Performance &amp; Special Event Income</b>					
GALA Income	125,000	-	-	-	-
Large Scale Productions	456,300	1,521,000	1,521,000	1,521,000	1,521,000
Small Scale Production	40,050	80,100	80,100	80,100	80,100
VOX Production	3,750	7,500	7,500	7,500	7,500
Opera for Kids	80,550	268,500	268,500	268,500	268,500
<b>Total Performance Income</b>	<b>705,650</b>	<b>1,877,100</b>	<b>1,877,100</b>	<b>1,877,100</b>	<b>1,877,100</b>
<b>Cost of Sales</b>					
GALA Expenses	37,500	-	-	-	-
Large Scale Productions	902,044	3,006,813	3,187,222	3,282,839	3,381,324
Small Scale Production	172,527	345,054	365,757	376,730	388,032
VOX Production	89,860	179,719	190,502	196,217	202,104
Opera for Kids	79,500	265,000	280,900	289,327	298,007
<b>Total Cost of Performance &amp; Special Events</b>	<b>1,281,431</b>	<b>3,796,586</b>	<b>4,024,382</b>	<b>4,145,113</b>	<b>4,269,466</b>
<b>Net income from performance &amp; special even</b>	<b>(575,781)</b>	<b>(1,919,486)</b>	<b>(2,147,282)</b>	<b>(2,268,013)</b>	<b>(2,392,366)</b>
<b>TOTAL REVENUE</b>	<b>8,896,487</b>	<b>2,872,217</b>	<b>3,120,606</b>	<b>3,826,950</b>	<b>4,084,929</b>
<b>Salaries and Wages</b>					
Owner's Compensation	-	-	-	-	-
Salaries	-	-	-	-	-
Full-Time Employees	211,500	624,000	717,600	825,240	949,026
Part-Time Employees	17,500	-	-	-	-
Payroll Taxes and Benefits	69,215	195,006	224,257	257,896	296,580
<b>Total Salary and Wages</b>	<b>298,215</b>	<b>819,006</b>	<b>941,857</b>	<b>1,083,136</b>	<b>1,245,606</b>
<b>Fixed Business Expenses</b>					

**Reorganized Debtor's Revised Projections  
Year End Summary**

<b>5-Year Projection With Scenario 1</b>					
	<b>Year One (Stub Period)</b>	<b>Year Two</b>	<b>Year Three</b>	<b>Year Four</b>	<b>Year Five</b>
Contract Labor	147,390	353,735	406,796	467,815	537,987
Legal and Professional Fees	25,750	53,045	61,002	70,152	80,675
Office Expenses & Supplies	3,347	6,895	7,929	9,118	10,486
Rent of Equipment	9,817	19,635	22,580	25,967	29,862
Travel & Hospitality	21,630	44,558	51,241	58,928	67,767
Insurance (Liability and Property)	13,000	26,780	30,797	35,417	40,729
Advertising & Promotional Activities	39,882	79,764	91,729	105,488	121,311
Eblasts, Printing & Postage	30,900	63,654	73,202	84,182	96,810
Telephone & Internet	3,461	7,129	8,199	9,428	10,843
Dues and Subscriptions	258	530	610	702	807
Bank & Merchant Fees	97	199	229	264	303
Box Office Expenses	5,148	10,605	12,195	14,025	16,129
Miscellaneous	18,545	38,203	43,933	50,523	58,101
Donated Professional Services	-	-	-	-	-
Donated Use of Facilities	36,198	74,568	85,753	98,616	113,409
Thrift Shop Expenses	500,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Fixed Business Expenses</b>	<b>855,422</b>	<b>1,779,300</b>	<b>1,896,195</b>	<b>2,030,625</b>	<b>2,185,218</b>
<b>Other Expenses</b>					
Plan Contribution	1,250,000	-	-	-	-
PBGC Note		85,000	85,000	85,000	85,000
GUC Note		396,250 ***	396,250 ***	396,250 ***	396,250
<b>Total Other Expenses</b>	<b>1,250,000</b>	<b>481,250</b>	<b>481,250</b>	<b>481,250</b>	<b>481,250</b>
<b>TOTAL NET OPERATING INCOME</b>	<b>\$ 637,850</b>	<b>\$ (207,340)</b>	<b>\$ (198,696)</b>	<b>\$ 231,939</b>	<b>\$ 172,854</b>
<b>Net Assets (w/o Bequest Principal)</b>	<b>\$ 637,850</b>	<b>\$ 430,511</b>	<b>\$ 231,815</b>	<b>\$ 463,754</b>	<b>\$ 636,608</b>
<b>Bequest Principal</b>	<b>5,855,000</b>	<b>5,855,000</b>	<b>5,855,000</b>	<b>5,374,000</b>	<b>4,893,000</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 6,492,850</b>	<b>\$ 6,285,511</b>	<b>\$ 6,086,815</b>	<b>\$ 5,837,754</b>	<b>\$ 5,529,608</b>

**NOTE:**

\* Year 1 revenue includes a restricted pledge from R. Niederhoffer for \$1,250,000 that will be used to fund the Plan.

\*\* For Scenario 1, years 4 and 5 revenue includes the release from Bequest Principal, if needed, of funds sufficient to make remaining annual payments on account of the PBGC Note (\$340,000) the GUC Note (\$1,585,000).

\*\*\* Creditor Notes (PBGC Note and GUC Note) total \$1.925 M paid over 4 years

**Reorganized Debtor's Revised Projections  
Year End Summary**

5-Year Projection With Scenario 2					
	<u>Year One (Stub Period)</u>	<u>Year Two</u>	<u>Year Three</u>	<u>Year Four</u>	<u>Year Five</u>
	Jan 2016 - June 2016	July 2016 - June 2017	July 2017 - June 2018	July 2018 - June 2019	July 2019 - June 2020
<b>Public support and other income</b>					
Contributions	\$ 2,175,000	\$ 2,850,000	\$ 3,277,500	\$ 3,605,250	\$ 3,965,775
Grants	250,000	249,996	287,495	316,245	347,869
Thrift Shop	600,000	1,200,000	1,200,000	1,200,000	1,200,000
In-kind Donations	36,198	74,568	85,753	94,329	103,761
Endowment Interest Income	91,470	182,939	182,939	182,939	182,939
Bequest Income	5,855,000		1,281,000		-
Bequest Interest Income	117,100	234,200	234,200	234,200	234,200
<b>Total public support and other income</b>	<b>9,124,768</b>	<b>4,791,703</b>	<b>6,548,888</b>	<b>5,632,963</b>	<b>6,034,545</b>
<b>Net Income from Tosca Production</b>	<b>347,500</b>				
<b>Performance &amp; Special Event Income</b>					
GALA Income	125,000	-	-	-	-
Large Scale Productions	456,300	1,521,000	1,521,000	1,521,000	1,521,000
Small Scale Production	40,050	80,100	80,100	80,100	80,100
VOX Production	3,750	7,500	7,500	7,500	7,500
Opera for Kids	80,550	268,500	268,500	268,500	268,500
<b>Total Performance Income</b>	<b>705,650</b>	<b>1,877,100</b>	<b>1,877,100</b>	<b>1,877,100</b>	<b>1,877,100</b>
<b>Cost of Sales</b>					
GALA Expenses	37,500	-	-	-	-
Large Scale Productions	902,044	3,006,813	3,187,222	3,282,839	3,381,324
Small Scale Production	172,527	345,054	365,757	376,730	388,032
VOX Production	89,860	179,719	190,502	196,217	202,104
Opera for Kids	79,500	265,000	280,900	289,327	298,007
<b>Total Cost of Performance &amp; Special Events</b>	<b>1,281,431</b>	<b>3,796,586</b>	<b>4,024,382</b>	<b>4,145,113</b>	<b>4,269,466</b>
<b>Net income from performance &amp; special events</b>	<b>(575,781)</b>	<b>(1,919,486)</b>	<b>(2,147,282)</b>	<b>(2,268,013)</b>	<b>(2,392,366)</b>
<b>TOTAL REVENUE</b>	<b>8,896,487</b>	<b>2,872,217</b>	<b>4,401,606</b>	<b>3,364,950</b>	<b>3,642,179</b>
<b>Salaries and Wages</b>					
Owner's Compensation	-	-	-	-	-
Salaries	-	-	-	-	-
Full-Time Employees	211,500	624,000	717,600	825,240	949,026
Part-Time Employees	17,500	-	-	-	-
Payroll Taxes and Benefits	69,215	195,006	224,257	257,896	296,580
<b>Total Salary and Wages</b>	<b>298,215</b>	<b>819,006</b>	<b>941,857</b>	<b>1,083,136</b>	<b>1,245,606</b>
<b>Fixed Business Expenses</b>					

**Reorganized Debtor's Revised Projections  
Year End Summary**

<b>5-Year Projection With Scenario 2</b>					
	<b>Year One (Stub Period)</b>	<b>Year Two</b>	<b>Year Three</b>	<b>Year Four</b>	<b>Year Five</b>
Contract Labor	147,390	353,735	406,796	467,815	537,987
Legal and Professional Fees	25,750	53,045	61,002	70,152	80,675
Office Expenses & Supplies	3,347	6,895	7,929	9,118	10,486
Rent of Equipment	9,817	19,635	22,580	25,967	29,862
Travel & Hospitality	21,630	44,558	51,241	58,928	67,767
Insurance (Liability and Property)	13,000	26,780	30,797	35,417	40,729
Advertising & Promotional Activities	39,882	79,764	91,729	105,488	121,311
Eblasts, Printing & Postage	30,900	63,654	73,202	84,182	96,810
Telephone & Internet	3,461	7,129	8,199	9,428	10,843
Dues and Subscriptions	258	530	610	702	807
Bank & Merchant Fees	97	199	229	264	303
Box Office Expenses	5,148	10,605	12,195	14,025	16,129
Miscellaneous	18,545	38,203	43,933	50,523	58,101
Donated Professional Services	-	-	-	-	-
Donated Use of Facilities	36,198	74,568	85,753	98,616	113,409
Thrift Shop Expenses	500,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Fixed Business Expenses</b>	<b>855,422</b>	<b>1,779,300</b>	<b>1,896,195</b>	<b>2,030,625</b>	<b>2,185,218</b>
<b>Other Expenses</b>					
Plan Contribution	1,250,000	-	-	-	-
PBGC Note		85,000	85,000	85,000	85,000
GUC Note		396,250	396,250	396,250	396,250
<b>Total Other Expenses</b>	<b>1,250,000</b>	<b>481,250</b>	<b>481,250</b>	<b>481,250</b>	<b>481,250</b>
<b>TOTAL NET OPERATING INCOME</b>	<b>\$ 637,850</b>	<b>\$ (207,340)</b>	<b>\$ 1,082,304</b>	<b>\$ (230,061)</b>	<b>\$ (269,896)</b>
<b>Net Assets (w/o Bequest Principal)</b>	<b>\$ 637,850</b>	<b>\$ 430,511</b>	<b>\$ 1,512,815</b>	<b>\$ 1,282,754</b>	<b>\$ 1,012,858</b>
<b>Bequest Principal</b>	<b>5,855,000</b>	<b>5,855,000</b>	<b>5,855,000</b>	<b>5,855,000</b>	<b>5,855,000</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 6,492,850</b>	<b>\$ 6,285,511</b>	<b>\$ 7,367,815</b>	<b>\$ 7,137,754</b>	<b>\$ 6,867,858</b>

**NOTE:**

\* Year 1 revenue includes a restricted pledge from R. Niederhoffer for \$1,250,000 that will be used to fund the Plan.

\*\* For Scenario 1, years 4 and 5 revenue includes the release from Bequest Principal, if needed, of funds sufficient to make remaining annual payments on account of the PBGC Note (\$340,000) the GUC Note (\$1,585,000).

\*\*\* Creditor Notes (PBGC Note and GUC Note) total \$1.925 M paid over 4 years

**Reorganized Debtor's Revised Projections  
Year End Summary**

<b>5-Year Projection With Scenario 3</b>					
	<b>Year One (Stub Period)</b>	<b>Year Two</b>	<b>Year Three</b>	<b>Year Four</b>	<b>Year Five</b>
	Jan 2016 - June 2016	July 2016 - June 2017	July 2017 - June 2018	July 2018 - June 2019	July 2019 - June 2020
<b>Public support and other income</b>					
Contributions	\$ 2,175,000	\$ 2,850,000	\$ 3,277,500	\$ 3,605,250	\$ 3,965,775
Grants	250,000	249,996	287,495	316,245	347,869
Thrift Shop	600,000	1,200,000	1,200,000	1,200,000	1,200,000
In-kind Donations	36,198	74,568	85,753	94,329	103,761
Endowment Interest Income	91,470	182,939	182,939	182,939	182,939
Bequest Income	5,855,000	400,000	1,781,000		
Bequest Interest Income	117,100	234,200	234,200	234,200	234,200
<b>Total public support and other income</b>	<b>9,124,768</b>	<b>5,191,703</b>	<b>7,048,888</b>	<b>5,632,963</b>	<b>6,034,545</b>
<b>Net Income from Tosca Production</b>	<b>347,500</b>				
<b>Performance &amp; Special Event Income</b>					
GALA Income	125,000	-	-	-	-
Large Scale Productions	456,300	1,521,000	1,521,000	1,521,000	1,521,000
Small Scale Production	40,050	80,100	80,100	80,100	80,100
VOX Production	3,750	7,500	7,500	7,500	7,500
Opera for Kids	80,550	268,500	268,500	268,500	268,500
<b>Total Performance Income</b>	<b>705,650</b>	<b>1,877,100</b>	<b>1,877,100</b>	<b>1,877,100</b>	<b>1,877,100</b>
<b>Cost of Sales</b>					
GALA Expenses	37,500	-	-	-	-
Large Scale Productions	902,044	3,006,813	3,187,222	3,282,839	3,381,324
Small Scale Production	172,527	345,054	365,757	376,730	388,032
VOX Production	89,860	179,719	190,502	196,217	202,104
Opera for Kids	79,500	265,000	280,900	289,327	298,007
<b>Total Cost of Performance &amp; Special Events</b>	<b>1,281,431</b>	<b>3,796,586</b>	<b>4,024,382</b>	<b>4,145,113</b>	<b>4,269,466</b>
<b>Net income from performance &amp; special events</b>	<b>(575,781)</b>	<b>(1,919,486)</b>	<b>(2,147,282)</b>	<b>(2,268,013)</b>	<b>(2,392,366)</b>
<b>TOTAL REVENUE</b>	<b>8,896,487</b>	<b>3,272,217</b>	<b>4,901,606</b>	<b>3,364,950</b>	<b>3,642,179</b>
<b>Salaries and Wages</b>					
Owner's Compensation	-	-	-	-	-
Salaries	-	-	-	-	-
Full-Time Employees	211,500	624,000	717,600	825,240	949,026
Part-Time Employees	17,500	-	-	-	-
Payroll Taxes and Benefits	69,215	195,006	224,257	257,896	296,580
<b>Total Salary and Wages</b>	<b>298,215</b>	<b>819,006</b>	<b>941,857</b>	<b>1,083,136</b>	<b>1,245,606</b>
<b>Fixed Business Expenses</b>					



**Reorganized Debtor's Revised Projections  
Year End Summary**

<b>5-Year Projection With Scenario 3</b>					
	<b>Year One (Stub Period)</b>	<b>Year Two</b>	<b>Year Three</b>	<b>Year Four</b>	<b>Year Five</b>
Contract Labor	147,390	353,735	406,796	467,815	537,987
Legal and Professional Fees	25,750	53,045	61,002	70,152	80,675
Office Expenses & Supplies	3,347	6,895	7,929	9,118	10,486
Rent of Equipment	9,817	19,635	22,580	25,967	29,862
Travel & Hospitality	21,630	44,558	51,241	58,928	67,767
Insurance (Liability and Property)	13,000	26,780	30,797	35,417	40,729
Advertising & Promotional Activities	39,882	79,764	91,729	105,488	121,311
Eblasts, Printing & Postage	30,900	63,654	73,202	84,182	96,810
Telephone & Internet	3,461	7,129	8,199	9,428	10,843
Dues and Subscriptions	258	530	610	702	807
Bank & Merchant Fees	97	199	229	264	303
Box Office Expenses	5,148	10,605	12,195	14,025	16,129
Miscellaneous	18,545	38,203	43,933	50,523	58,101
Donated Professional Services	-	-	-	-	-
Donated Use of Facilities	36,198	74,568	85,753	98,616	113,409
Thrift Shop Expenses	500,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Fixed Business Expenses</b>	<b>855,422</b>	<b>1,779,300</b>	<b>1,896,195</b>	<b>2,030,625</b>	<b>2,185,218</b>
<b>Other Expenses</b>					
Plan Contribution	1,250,000	-	-	-	-
PBGC Note		85,000	85,000	85,000	85,000
GUC Note		396,250 ***	396,250 ***	396,250 ***	396,250
<b>Total Other Expenses</b>	<b>1,250,000</b>	<b>481,250</b>	<b>481,250</b>	<b>481,250</b>	<b>481,250</b>
<b>TOTAL NET OPERATING INCOME</b>	<b>\$ 637,850</b>	<b>\$ 192,660</b>	<b>\$ 1,582,304</b>	<b>\$ (230,061)</b>	<b>\$ (269,896)</b>
<b>Net Assets (w/o Bequest Principal)</b>	<b>\$ 637,850</b>	<b>\$ 830,511</b>	<b>\$ 2,412,815</b>	<b>\$ 2,182,754</b>	<b>\$ 1,912,858</b>
<b>Bequest Principal</b>	<b>5,855,000</b>	<b>5,855,000</b>	<b>5,855,000</b>	<b>5,855,000</b>	<b>5,855,000</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 6,492,850</b>	<b>\$ 6,685,511</b>	<b>\$ 8,267,815</b>	<b>\$ 8,037,754</b>	<b>\$ 7,767,858</b>

**NOTE:**

\* Year 1 revenue includes a restricted pledge from R. Niederhoffer for \$1,250,000 that will be used to fund the Plan.

\*\* For Scenario 1, years 4 and 5 revenue includes the release from Bequest Principal, if needed, of funds sufficient to make remaining annual payments on account of the PBGC Note (\$340,000) the GUC Note (\$1,585,000).

\*\*\* Creditor Notes (PBGC Note and GUC Note) total \$1.925 M paid over 4 years

## Salaries and Wages

	Year One (Stub Period)		Year Two		Year Three		Year Four		Year Five		
	Jan 2016 - June 2016		July 2016 - June 2017		July 2017 - June 2018		July 2018 - June 2019		July 2019 - June 2020		
Salaries and Related Expenses											
Percent Change											
Salaries and Wages											
Wages											
Full-Time Employees	\$	211,500.00	\$	624,000.00	\$	717,600.00	\$	825,240.00	\$	949,026.03	
General Director		100,000.00		205,000.00		235,750.00		271,112.50		311,779.38	
Artistic administrator		45,000.00		95,000.00		109,250.00		125,637.50		144,483.13	
Chief of music staff		25,000.00		65,000.00		74,750.00		85,962.50		98,856.88	
Bookkeeper		22,500.00		50,000.00		57,500.00		66,125.00		76,043.75	
Production manager		19,000.00		65,000.00		74,750.00		85,962.50		98,856.88	
Admin. assistant				40,000.00		46,000.00		52,900.00		60,835.00	
Admin. Assistant II				39,000.00		44,850.00		51,577.50		59,314.13	
Director of production				65,000.00		74,750.00		85,962.50		98,856.88	
Part-Time Employees	\$	17,500.00	\$	-							
Director of production		17,500.00									
	-										
Total Salaries and Wages											
	\$	229,000	\$	624,000	\$	717,600	\$	825,240	\$	949,026	
Payroll Taxes and Benefits											
Social Security											
Medicare		14,885		38,688		44,491		51,165		58,840	
Federal Unemployment Tax (FUTA)		3,252		8,861		10,190		11,718		13,476	
State Unemployment Tax (SUTA)		56		112		129		148		170	
Employee Pension Programs		189		378		435		500		575	
Worker's Compensation											
Employee Health Insurance		38,885		122,354		140,708		161,814		186,086	
Other Employee Benefit Programs		11,948		24,613		28,305		32,551		37,433	
Total Payroll Taxes and Benefits	\$	69,215	\$	195,006	\$	224,257	\$	257,896	\$	296,580	

## Fixed Operating Expenses

	Year One (Stub Period)	Year Two	Year Three	Year Four	Year Five
	Jan 2016 - June 2016	July 2016 - June 2017	July 2017 - June 2018	July 2018 - June 2019	July 2019 - June 2020
<b>Fixed Operating Expenses</b>					
<b>Percent Change</b>					
<b>Expenses</b>					
Contract Labor	147,390	353,735	406,796	467,815	537,987
Legal and Professional Fees	25,750	53,045	61,002	70,152	80,675
Office Expenses & Supplies	3,347	6,895	7,929	9,118	10,486
Rent of Equipment	9,817	19,635	22,580	25,967	29,862
Travel & Hospitality	21,630	44,558	51,241	58,928	67,767
Insurance (Liability and Property)	13,000	26,780	30,797	35,417	40,729
Advertising	39,882	79,764	91,729	105,488	121,311
Eblasts, Printing & Postage	30,900	63,654	73,202	84,182	96,810
Telephone & Internet	3,461	7,129	8,199	9,428	10,843
Dues and Subscriptions	258	530	610	702	807
Bank & Merchant Fees	97	199	229	264	303
Box Office Expenses	5,148	10,605	12,195	14,025	16,129
Miscellaneous	18,545	38,203	43,933	50,523	58,101
Donated Professional Services	-	-	-	-	-
Donated Use of Facilities	36,198	74,568	85,753	98,616	113,409
Thrift Shop Expenses	500,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Expenses</b>	<b>\$ 855,422</b>	<b>\$ 1,779,300</b>	<b>\$ 1,896,195</b>	<b>\$ 2,030,625</b>	<b>\$ 2,185,218</b>

## Projected Sales Forecast

	Year One (Stub Period)	Year Two	Year Three	Year Four	Year Five
	Jan 2016 - June 2016	July 2016 - June 2017	July 2017 - June 2018	July 2018 - June 2019	July 2019 - June 2020
<b>GALA</b>					
Number of Projected tickets sold	250				
Ticket unit price	\$ 500.00				
<b>Gross Gala Income</b>	<b>\$ 125,000</b>				
Number of Projected attendee:	300				
Dinner cost per attendee:	\$ 125.00				
<b>Direct Cost</b>	<b>\$ 37,500</b>				
<b>Large Scale Productions (Each Production includes approximately 5-6 performances)</b>					
Ticket Sales Per Performance	\$ 76,050.00	\$ 456,300	\$ 1,521,000	\$ 1,521,000	\$ 1,521,000
Performance Expenses - Performer:	20,000				
Performance Expenses - Orchestra & Choru:	45,258				
Performance Expenses - Covers & Super:	1,667				
Performance Expenses - Production Fee	8,250				
Performance Expenses - Scenry & Costume:	12,500				
Performance Expenses - Theater Space Fee	62,667				
<b>Total Cost per Performance</b>	<b>\$ 150,341</b>	<b>\$ 902,044</b>	<b>\$ 3,006,813</b>	<b>\$ 3,187,222</b>	<b>\$ 3,282,839</b>
<b>Gross Margin Per Unit</b>	<b>\$ (74,290.67)</b>				
<b>Projected Number of Performances</b>		<b>6</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Small Scale Production (Each Production includes approximately 5-6 performances)</b>					
Ticket Sales Per Performance	\$ 6,675.00	\$ 40,050	\$ 80,100	\$ 80,100	\$ 80,100
Performance Expenses - Performer:	4,250				
Performance Expenses - Orchestra & Choru:	6,720				
Performance Expenses - Production Fee	3,875				
Performance Expenses - Scenry & Costume:	8,333				
Performance Expenses - Theater Space Fee	2,917				
Performance Expenses - Other:	2,660				
<b>Total Cost per Performance</b>	<b>\$ 28,755</b>	<b>\$ 172,527</b>	<b>\$ 345,054</b>	<b>\$ 365,757</b>	<b>\$ 376,730</b>
<b>Gross Margin Per Unit</b>	<b>(22,080)</b>				
<b>Projected Number of Performances</b>		<b>6</b>	<b>12</b>	<b>12</b>	<b>12</b>

**Projected Sales Forecast - Page 2**

		<b>Year One (Stub Period)</b>	<b>Year Two</b>	<b>Year Three</b>	<b>Year Four</b>	<b>Year Five</b>
		Jan 2016 - June 2016	July 2016 - June 2017	July 2017 - June 2018	July 2018 - June 2019	July 2019 - June 2020
<b>VOX Production</b>						
<b>Ticket Sales Per Performance</b>	<b>\$ 3,750</b>	<b>\$ 3,750.00</b>	<b>\$ 7,500.00</b>	<b>\$ 7,500.00</b>	<b>\$ 7,500.00</b>	<b>\$ 7,500.00</b>
Performance Expenses - Performers	10,000					
Performance Expenses - Orchestra & Cho	62,360					
Performance Expenses - Production Fees	7,500					
Performance Expenses - Theater Space F	5,000					
Performance Expenses - Other Profession	5,000					
<b>Variable Cost Per Unit</b>	<b>\$ 89,860</b>	<b>\$ 89,859.50</b>	<b>\$ 179,719.00</b>	<b>\$ 190,502.14</b>	<b>\$ 196,217.20</b>	<b>\$ 202,103.72</b>
<b>Gross Margin Per Unit</b>	<b>\$ (86,110)</b>					
<b>Projected Number of Production</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Opera for Kids</b>						
<b>Ticket Sales Per Performance</b>	<b>\$ 26,850</b>	<b>\$ 80,550.00</b>	<b>\$ 268,500.00</b>	<b>\$ 268,500.00</b>	<b>\$ 268,500.00</b>	<b>\$ 268,500.00</b>
Performance Expenses - Concert Hal	10,000					
Performance Expenses - Orchestra	7,500					
Performance Expenses - Programs	5,000					
Performance Expenses - Other Profession	4,000					
<b>Variable Cost Per Unit</b>	<b>\$ 26,500</b>	<b>\$ 79,500</b>	<b>\$ 265,000</b>	<b>\$ 280,900</b>	<b>\$ 289,327</b>	<b>\$ 298,007</b>
<b>Gross Margin Per Unit</b>	<b>\$ 350</b>					
<b>Projected Unit Sales</b>						
<b>Projected Number of Production</b>		<b>3</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>